

Durham Civic Center Authority Meeting Minutes

Tuesday, April 15, 2008

8:00am

The meeting was called to order at 8:00am with the following members present/absent:

Present: Patrick Byker, Robert Sinclair, Henry Sims, Billy Ruffin and Rob VanDewoestine,

Absent: George Stanziale and Al Bass

Owner's representation: Heidi York, Harmon Crutchfield, Karmisha Wallace, Sharon DeShazo, Micheal Lynch, and Sheila Huggins

Management Company present: Ken Lile, David Johnson, Dave Messinger and Jamie Frydlo

Motion of approval for March 18, 2007 minutes moved by Billy Ruffin, seconded by Patrick Byker, voted and agreed upon by all.

Action Items:

- Mr. Lynch will forward information on signage for Civic Center ballrooms to Owners and attain a statement of the standard that shows compliance for the utility floor boxes located in the new ballrooms.
- Mr. Frydlo will furnish Mr. Lynch the meeting space schedule for scheduling remaining punch list items. Skanska will respond by the end of the week so that unneeded time is released for bookings.
- Ms. Wallace and Ms. York will forward a memo to the joint City/County representatives of interest on the business plan status, and comparisons to other publicly owned meeting spaces. They will decide how to address the response on the mission statement.

Meeting Details

Capital Project Update:

The Exhibit Hall conversion, Civic Center restrooms and the Pre Function Corridor are certified for occupancy. The phase II completion for the HVAC is due by July 3, 2008 and the ballroom air walls completion by July 31. The "punch list" has begun and is on going. The Owners are requesting dates to complete the "punch list" and are willing to work around Shaners schedule. In return, Shaner has requested from Skanska the amount of time it will take to complete the punch list. This is an issue due to its affect on revenues. It was agreed during this meeting that Shaner will generate a schedule and Skanska get back with them within a few days.

The new floor boxes in the upgraded exhibit hall were designed to better match the ballroom surroundings and not contain open holes, but were not designed to take the loads from scissor jack equipment. There was disagreement at the meeting as to whether damage to the boxes had come from driving on them or from other sources. Ken Lile expressed liability concern with the ability of the boxes to support loads and the need to drive over the boxes during ballroom set-up. Mr. Lynch will supply the standard to which the boxes were constructed.

Skanska needs on site storage space for the new ballroom air walls. The City/County inspectors are concerned about permits not acquired for the loading dock doors installation. The architects (HEERY) have been conducting periodic inspections of the work at the Civic Center. They sign off at "substantial completion" (when the space is ready to occupy – already done) and at "final completion". This is when both the work and any remaining "punch list" items are complete.

The loading dock doors:

A new vendor (MaryKate Construction) has been agreed on for completing the loading dock doors for \$11,862.00, which is less than the remaining balance for the original vendor. The remaining work includes leveling loading doors and providing proper aluminum casing above the outside entrance to cover visible plywood.

Fire Violation for the loading dock:

After revisiting the site, the Fire Inspector confirmed the violation is now in compliance regarding the loading dock and exit signs. The citation of \$250.00 still has to be paid, and by Shaner. The inspector is also researching compliance with the exit doors leading into the loading dock.

CIP Submission:

In an effort to improve communications with the County, the City agreed during the Civic Center budget meeting to include the County in all Civic Center CIP discussions. We will begin meeting separately from Authority meetings and prior to the County CIP submission.

Lease Agreements update:

City Council approved the S&H Transportation lease on April 7. The lease will go before the County Board for approval on April 28 and move forward with a commencement date of May 1. General Services Real Estate division will notify S & H.

In addition, the Owners are proposing a June 1, 2008 commencement date for Shaner's fitness center lease, which can go before the County Board on April 28, but not before City Council until May 19. The proposed rent is a \$250 per month nominal fee (not market rate) for the space with no escalations) and Shaner will take the space as is. Per the City Attorney, Shaner operates the fitness center pursuant to its hotel operations. Even if the civic center had a different management company, Shaner would remain the hotel owner and operator, or its successor would. The Lease Term can be for any length of time the Owners agree on with Shaner up to ten years (by Statute, the City cannot normally enter into a lease for periods longer than ten years).

Ms. Wallace will be interacting with Shaner on the Owners' behalf.

Proper care and maintenance of renovation project:

To properly maintain completed construction projects and alleviate wear and tear due to poor maintenance, the Owners will implement operating procedures and maintenance logs for regular inspections for:

- Loading Dock doors
- Air wall partitions
- Carpet
- Electrical Floor Boxes in carpet

Management Company Status Report

The Durham Marriott at the Civic Center was recognized at a conference in Florida as Shaner hotel of the year (2007). Shaner has 26 properties with five in development. Shaner will coordinate rolling out the new name and logo and share information at the May DCCA meeting. To date, the Shaner renovation is almost complete.

March ended with over six large bookings with some events totaling over 500 attendees. Future bookings include over 66 for 2008 and 6 in 2009.

The Civic Center operating results for March showed revenue \$108,189 lower than budget and net income \$37,381 lower than budget due space lost to construction. Business is forecast better than budget in May, and the 2007-08 forecast deficit is predicted to be \$86,250 better than budget and ahead at \$13,721. The food cost issue has been resolved and is decreasing.

Mission Statement

Mr. Lile volunteered to compose a mission statement to present to the Authority. The statement should respond to two questions:

- How much subsidy is appropriate to the benefit gained?
- Is the physical facility appropriate?

Comparisons from other cities

Patrick Byker provided information from other surrounding convention centers based on subsidy and mission. It was inferred both Charlotte and Winston-Salem do not have a charitable focus as Durham does which is why our subsidy is a higher percent of total business.

Business Plan assistance

The Owners need to provide feedback to the joint City/County committee on the cost of a business plan. Two options were discussed:

- Hunden Consultants – 14 weeks of work at \$64,000
- Revisit Duke University, Fuqua School of Business - \$400 application fee plus some expenses
 - This is a class designated to prepare business plans
 - More information will be know in mid-summer closer to the fall season

Power Surge – The cause of a power surge at the Civic Center remains un-known, but has not reoccurred. Shaner is still working with Duke Power on possible causes. Mr. Lynch will research possibilities and Mr. Lile continues to work on a possible resolution.

Durham Portraits – Mr. Lile suggested the portraits hang in the Civic Center Plaza entrance. Ms. York will follow up with Jerry Schuster, the artist who painted the portraits.

Agenda for next meeting

- Status of Capital projects
- Management report
- Civic Center Mission Statement